MYSORE ACT No. 6 OF 1953.

THE MYSORE PUBLIC DEBT ACT, 1953.

(Received the assent of the Rajpramukh on the Twenty-second Day of April 1953.)

WHEREAS it is expedient to consolidate and amend the law relating to Government Securities and to the management of the public debt of the State;

It is hereby enacted as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Mysore Public Debt Act, 1953.

(2) It extends to the [1][whole of the State of Mysore except Bellary District].

(3) It shall come into force on such date as the Government may, by notification in the *Mysore Gazette*, appoint in this behalf.

2. Definitions.—In this Act, unless there is anything repugnant in the subject or context,—

(1) "competent authority" means such officer or authority as the Government may, by notification in the *Mysore Gazette*, authorise to be the competent authority for the purpose of this Act;

(2) "Government" means the State Government;

(3) "Government security" means—

(*a*) a security created and issued whether before or after the commencement of this Act, by the Government for the purpose of raising a public loan, and having one of the following forms, namely,—

(i) stock transferable by registration in the books maintained by the competent authority; or
(ii) a promissory note payable to order; or
(iii) a bearer bond payable to bearer; or
(iv) a form prescribed in this behalf;

(*b*) any other security created and issued by the Government in such form and for such of the purposes of this Act as may be prescribed;

1. See the Mysore Adaptation of Laws Order, 1958.

(4) "prescribed" means prescribed by rules made under this Act;

(5) promissory note includes a treasury bill.

3. Transfer of Government securities.—(1) Subject to the provisions of section 5, a transfer of a Government security shall be made only in the manner prescribed for the making of transfers of securities of the class to which it belongs and no transfer of a Government security made after the commencement of this Act shall be valid if—

(*a*) it does not purport to convey the full title to the security, or

(*b*) it is of such a nature as to affect the manner in which the security was expressed by the Government to be held.

(2) Nothing in this section shall affect any order made by the competent authority under this Act, or any order made by a Court upon the competent authority.

4. Transfer of Government securities not liable for amount thereof.—Notwithstanding anything contained in the Negotiable Instruments Act, 1881 (Central Act XXVI of 1881), a person shall not, by reason only of his having transferred a Government security be liable to pay any money due either as principal or as interest thereunder.

5. Holding of Government securities by holders of public offices.—(1) In the case of any public office to which the Government may, by notification in the *Mysore Gazette*, declare this sub-section to apply, a Government security in the form of stock or of a promissory note may be held in the name of the office.

(2) When a Government security is so held, it shall be deemed to be transferred without any or further endorsement or transfer deed from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office transfers to a party not being his successor in office a Government security so held, the transfer shall be made by the signature of the holder of the office and the name of the office in the manner and subject to the conditions laid down in section 3.

(4) This section applies as well as to an office of which there are two or more joint holders as to an office of which there is a single holder.

6. Notice of trust not receivable.—(1) No notice of any trust in respect of any Government security shall be receivable by the Government, nor shall the Government be bound by any such notice even though expressly given, nor shall the Government be regarded as a trustee in respect of any Government security.

(2) Without prejudice to the provisions of sub-section (1), the competent authority may, as an act of grace and without any liability to the competent authority or to the Government, record in the books maintained by the competent authority such directions by the holder of stock for the payment of interest on, or of the maturity value of, or the transfer of, or such other matters relating to, the stock as the competent authority thinks fit.

7. Persons whose title to a Government security of a deceased sole holder may be recognised by the competent authority.—Subject to the provisions of section 9, the executors or administrators of a deceased sole holder of a Government security and the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925 (Central Act XXXIX of 1925), shall be the only persons who may be recognised by the competent authority as having any title to the Government security:

Provided that nothing in this section shall bar the recognition by the competent authority of the manager or the sole surviving male member of a Hindu undivided family governed by the Mitakshara Law as having a title to a Government security, when the security appears to the competent authority to stand in the name of a deceased member of the family and an application is made by such manager or sole surviving member for recognition of his title and is supported by a certificate signed by such authority and after such inquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the Mitakshara Law, that the Government security formed part of the joint property of the family, and that the applicant is the managing or sole surviving male member of the family.

Explanation.—The expression "Hindu undivided family governed by the Mitakshara Law" shall, for the purposes of this section, be deemed to include a Malabar tarwad.

8. Right of survivors of joint holders or several payees.—Notwithstanding anything contained in section 48 of the Indian Contract Act, 1872 (Central Act IX of 1872),—

(*a*) when a Government security is held by two or more persons jointly and either or any of them dies, the title to the security shall vest in the survivor or survivors of these persons; and

(*b*) when a Government security is payable to two or more persons severally and either or any of them dies, the security shall be payable to the survivor or survivors of those persons or to the representative of the deceased or to any of them:

Provided that nothing contained in this section shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which this section applies.

Explanation.—For the purposes of this section a body incorporated under the Indian Companies Act, 1913 (Central Act VII of 1913), or the Mysore Co-operative Societies Act, 1948 (Mysore Act LII of 1948) or any other enactment for the time being in force whether within or without India, relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved.

9. Summary procedure on death of holder of Government security not exceeding five thousand rupees face value.—Notwithstanding anything contained in section 7, if within six months of the death of a person who was the holder of a Government security or securities the face value of which does not in the aggregate exceed five thousand rupees, probate of his will or letters of administration of his estate or a succession certificate issued under Part X of the Indian Succession Act, 1925 (Central Act XXXIX of 1925) is not produced to the competent authority or proof to the satisfaction of the competent authority that proceedings have been instituted to obtain

one of these is not furnished, the competent authority may determine who is the person entitled to the security or securities, or to administer the estate of the deceased and may make an order vesting the security or securities in the person so determined.

10. Government securities not exceeding five thousand rupees face value belonging to minor or insane person.— When a Government security or securities belong to a minor or a person who is insane and incapable of managing his affairs and the face value of the security or securities does not in the aggregate exceed five thousand rupees, the competent authority may make such order as it thinks fit for the vesting of such security or securities in such person as it considers represents the minor or insane person.

11. Issue of duplicate securities and of new securities on conversion, consolidation, sub-division or renewal.— (1) If the person entitled to a Government security applies to the competent authority alleging that the security has been lost, stolen or destroyed, or has been defaced or mutilated, the competent authority may, on proof to its satisfaction of the loss, theft, destruction, defacement or mutilation of the security, subject to such conditions and on payment of such fees as may be prescribed, order the issue of a duplicate security payable to the applicant.

(2) If the person entitled to a Government security applies to the competent authority to have the security converted into a security of another form or into a security issued in connection with another loan or to have it sub-divided, or to have it renewed, the competent authority may, subject to such conditions and on payment of such fees as may be prescribed, cancel the security and order the issue of a new security or securities.

(3) The person to whom a duplicate security or a new security is issued under this section shall be deemed for the purposes of section 19 to have been recognised by the competent authority as the holder of the security, and a duplicate security or new security so issued to any person shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him.

12. Summary determination by the competent authority of title to Government security in case of dispute.—(1) If the competent authority is of opinion that a doubt exists as to the title to a Government security, it may proceed to determine the person who shall for the purposes of the competent authority be deemed to be the person entitled thereto.

(2) The competent authority shall give notice in writing to each claimant of whom it has knowledge, stating the names of all other claimants and the time when and the officer by whom the determination will be made.

(3) The competent authority shall give notice in writing to each claimant of the result of the determination so made.

(4) On the expiry of six months from the issue of the notice referred to in sub-section (3) the competent authority may make an order vesting in the person, found by the competent authority to be entitled to the security, the security and any unpaid interest thereon.

13. Recording of evidence.—(1) For the purpose of making any order which it is empowered to make under this Act, the competent authority may request a District Magistrate to record or to have recorded the whole or any part of such evidence as any person whose evidence the competent authority requires may produce. A District Magistrate so requested may himself record, or may direct any Magistrate of the first class subordinate to him or any Magistrate of the second class subordinate to him and empowered in this behalf by general or special order of the Government to record the evidence, and shall forward a copy thereof to the competent authority.

(2) For the purpose of making a vesting order under this Act, the competent authority may direct one of its officers to record the evidence of any person whose evidence the competent authority requires or may receive evidence upon affidavit.

(3) A Magistrate or an officer of the competent authority acting in pursuance of this section may administer an oath to any witness examined by him.

14. Postponement of payments and registration of transfers pending the making of a vesting order.—Where the competent authority contemplates making an order under this Act to vest a Government security in any person, it may suspend payment of interest on or the maturity value of the security or postpone the making of any order under section 11 or the registration of any transfer of the security until the vesting order has been made.

15. (1) **Power of competent authority to require bonds.**—Before making an order which it is empowered to make under this Act, the competent authority may require the person in whose favour the order is to be made to execute a bond with one or more sureties in such form as may be prescribed or to furnish security not exceeding twice the value of the subject matter of the order, to be held at the disposal of the competent authority, to pay to the competent authority or any person to whom the competent authority may assign the bond or security in furtherance of sub-section (2), the amount thereof.

(2) A Court before which a claim in respect of the subject matter of any such order is established may order the bond or security to be assigned to the successful claimant who shall thereupon be entitled to enforce the bond or realise the security to the extent of such claim.

16. Publication of notices in Gazette.—Any notice required to be given by the competent authority under this Act may be served by post, but every notice shall also be published by the competent authority in the *Mysore Gazette* and on such publication shall be deemed to have been delivered to all persons for whom it is intended.

17. Scope of vesting order.—An order made by the competent authority under this Act may confer the full title to a Government security or may confer title only to the accrued and accruing interest on the security pending a further order vesting the full title.

18. Legal effect of order made by the competent authority.—No recognition by the competent authority of a person as the holder of a Government security and no order made by the competent authority under this Act

shall be called in question by any court so far as such recognition or order affects the relations of the Government or the competent authority with the person recognised by the competent authority as the holder of a Government security or with any person claiming an interest in such security; and any such recognition by the competent authority of any person or any order by the competent authority vesting a Government security in any person shall operate to confer on that person a title to the security subject only to a personal liability to the rightful owner of the security for money had and received on his account.

19. Stay of proceedings on order of Court.—Where the competent authority contemplates making with reference to any Government security any order which it is empowered to make under this Act, and before the order is made the competent authority receives from a Court having jurisdiction in the matter, an order to stay the making of such order, the competent authority shall either—

(*a*) hold the security together with any interest unpaid or accruing thereon until the further orders of the court are received, or

(*b*) apply to the court to have the security transferred to the Official Trustees appointed for the State pending the disposal of the proceedings before the court.

20. Cancellation by the competent authority of vesting proceedings.—Where the competent authority contemplates making an order under this Act vesting a Government security in any person, the competent authority may, at any time before the order is made, cancel any proceedings already taken for that purpose and may, on such cancellation, proceed anew to the making of such order.

21. Discharge in respect of interest on Government securities.—Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.

22. Discharge in respect of bearer bonds.—The Government shall be discharged from all liability on a bearer bond or on any interest coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due, of the amount expressed therein, unless before such payment an order of a competent court has been served on the Government restraining it from making payment.

23. Period of limitation of Government's liability in respect of interest.—Where no shorter period of limitation is fixed by any law for the time being in force, the liability of the Government in respect of any interest payment due on a Government security shall terminate on the expiry of six years from the date on which the amount due by way of interest became payable.

24. Inspections of documents.—No person shall be entitled to inspect or to receive information derived from any Government security in the possession or custody of the Government or from any book, register or other document kept or maintained by or on behalf of the Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

25. Officers to be deemed public officers.—For the purposes of section 184 of the Indian Evidence Act, 1872 (Central Act I of 1872), the provisions of Part IV of the Code of Civil Procedure, 1908 (Central Act V of 1908), relating to suits by or against public officers in their official capacity and the provisions of rule 27 of Order V, and rule 52 of Order XXI of the said Code, the competent authority and if the competent authority is an incorporated body, any officer of such competent authority acting in his capacity as such shall be deemed to be a public officer.

"**26. Penalty.**—(1) If any person, for the purpose of obtaining for himself or for any other person any title to a Government security, makes to any authority under this Act in any application made under this Act or in the course of any inquiry undertaken in pursuance of this Act any statement which is false and which he either knows

to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

(2) No Court shall take cognisance of any offence under sub-section (1) except on the complaint of the competent authority.

27. Power to make rules.— (1) The Government may, subject to the conditions of previous publication, by notification in the *Mysore Gazette*, make rules to carry out the purpose of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely :—

(*a*) the forms in which Government securities may be issued;

(*b*) the form of the obligations referred to in clause (iv) of sub-clause (*a*) of clause (3) of section 2;

(*c*) the conditions subject to which Government securities may be issued to the Rulers of Indian States;

(*d*) the manner in which different forms of Government securities may be transferred;

(*e*) the holding of Government securities in the form of stock by the holders of office other than public offices, and the manner in which and the conditions subject to which Government securities so held may be transferred;

(*f*) the manner in which payment of interest in respect of Government securities is to be made and acknowledged;

(*g*) the conditions governing the grant of duplicate, renewed, converted, consolidated and sub-divided Government securities;

(*h*) the fees to be paid in respect of the issue of duplicate Government securities and of the renewal, conversion, consolidation and sub-division of Government securities;

(*i*) the form in which receipt of a Government security delivered for discharge, renewal, conversion, consolidation or sub-division is to be acknowledged;

(*j*) the manner of attestation of documents relating to Government securities in the form of stock;

(*k*) the manner in which any document relating to a Government security or any endorsement on a promissory note issued by the Government may, on the demand of a person who from any cause is unable to write, be executed on his behalf;

(*l*) the form of the bonds referred to in sub-section (1) of section 15;

(*m*) the circumstances and the manner in which and the conditions subject to which inspection of Government securities, books, registers and other documents may be allowed or information therefrom may be given under section 24;

(*n*) the procedure to be followed in making vesting orders;

(*o*) the authority by whom the certificate referred to in the proviso to section 7 is to be granted and the manner of making the inquiry therein mentioned.

(3) A copy of all rules under this section shall be laid on the table of the State Legislative Assembly as soon as may be after they are made.

28. Repeal of Mysore Act VIII of 1925.—The Government Securities Act, 1925 (Mysore Act VIII of 1925), is hereby repealed.